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Attorneys for Jeffry G. Locke, Trustee

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SANTA ROSA DIVISION

In re  
Charles Timothy Bailey and Barbara Ann  
Bailey,  
  
Debtors.

Case No.: 05-11371

Chapter 7

MOTION FOR ORDER AUTHORIZING  
SALE OF REAL PROPERTY SUBJECT  
TO SELLER CARRY-BACK  
FINANCING, TO DISCOUNT SELLER  
CARRY-BACK NOTE, TO DISTRIBUTE  
NET PROCEEDS OF SALE TO THE CO-  
OWNERS OF THE REAL PROPERTY

Date: May 2, 2014

Time: 10:00 a.m.

Place: United States Bankruptcy Court  
99 South E Street  
Santa Rosa, California

***[Tentative hearing date. A hearing will be  
held only if an objection or request for a  
hearing is filed]***

The motion of Jeffry G. Locke, the Trustee of the above-referenced estate (hereinafter  
("Movant" or the "Trustee")) hereby respectfully represents:

1. The Movant is the duly appointed, authorized and acting Trustee in the above-  
captioned Chapter 7 case.

1                   2.       Among the assets of the Debtor's bankruptcy estate is the interest of one of the  
2 Debtors, Charles Timothy Bailey, in the real property located in Lake County, California, commonly  
3 known as 14794 Spruce Grove Road, Lower Lake, California. (the "Lower Lake Property"). The  
4 Lower Lake Property is more particularly described as:

5                               Section 32: North half of Southeast quarter of Southeast quarter, Township 12  
6                               North, Range 6 West,  
7 Assessor's Parcel No. 012-052-110.

8                   3.       At the time of the filing of the Petition, Charles Timothy Bailey, the Debtor  
9 herein, held an undivided 60% interest in the Lower Lake Property. The remaining 40% in the Lower  
10 Lake Property were held by Betty Lou Bailey and Tracy Lynn Peterson, who each held an undivided  
11 20% interest in the Lower Lake Property. The Lower Lake Property is a 20 acre parcel of generally  
12 vacant land.

13                   4.       The Lower Lake Property is also subject to a life estate in favor of Betty Lou  
14 Bailey. The life estate applies to a specific 3-acre portion of the 20-acre parcel upon which Mrs.  
15 Bailey has a mobile home in which she resides.

16                   5.       On August 5, 2005, the Trustee initiated an adversary proceeding against Betty  
17 Lou Bailey and Tracy Lynn Peterson to obtain authority to sell the Lower Lake Property free and clear  
18 of the co-ownership interest authorizing the Trustee to sell free and clear of Tracy Lynn Peterson's  
19 interest in the property pursuant to Bankruptcy Code §363(h).

20                   6.       On March 27, 2006, the bankruptcy court entered a default judgment  
21 authorizing the Trustee to sell the property free and clear of the co-ownership interest of Tracy Lynn  
22 Peterson pursuant to the provisions of §363(h), §363(i) and §363(j).

23                   7.       Thereafter on April 27, 2006, the bankruptcy court entered a stipulated  
24 judgment authorizing the Trustee to sell the property free and clear of the co-ownership interest of  
25 Betty Bailey. In addition, the judgment further provided that any sale of the property shall be subject  
26 to Betty Bailey's life estate as to the 3-acre portion of the property which Betty Bailey occupied.

27                   8.       The Trustee has entered into an agreement of sale with Aaron Weinberg  
28 ("Buyer") for the sale of the Lower Lake Property for the contract purchase price of \$140,000.00. The

1 Buyer has made a good faith deposit of \$4200 and has released the deposit to the Trustee. At closing,  
2 the Buyer will pay an additional \$35,800.00 cash and will deliver to the Trustee, a Promissory Note  
3 from the Buyer for the principal sum of \$100,000 (the "Carryback Note"). The Carryback Note will  
4 be secured by a first deed of trust against the Lower Lake Property and will be fully amortized over 10  
5 years at an interest rate of 8% per annum.

6 9. The property is being purchased "AS IS" and subject to the life estate of Betty  
7 Bailey. The Buyer has released all contingencies. The Buyer is required to close the sale within ten  
8 (10) days of the entry of the Order approving the sale of the Lower Lake Property by the bankruptcy  
9 court. If there is no objection to the sale the Trustee will request that the court waive the fourteen (14)  
10 days stay of the order approving the sale pursuant to Bankruptcy Rule 6004 (h).

11 10. The sale of the Property is subject to overbids which the Trustee will continue  
12 to solicit during the notice period. If there is a qualifying overbid, the Trustee will conduct an auction  
13 of the Lower Lake Property prior to submitting an Order approving the sale to the Court.

14 11. The Trustee has agreed to pay a real estate commission of ten percent (10%) on  
15 the closing of the sale. The commission will be split between the estate's broker, Sharon Bassham of  
16 Greenhouse Realty and the successful buyer's broker.

17 12. The Trustee also intends to enter into an agreement of sale with Reed Geisreiter  
18 (the "Note Buyer") for the sale of the Carryback Note at a discount. The Trustee and the Note Buyer  
19 have agreed that after the closing of the sale of the Carryback Note will be sold based on a discounted  
20 value as of the date of the sale of \$81,250.00. The actual amount to be received by the Trustee will  
21 depend upon the actual date of the sale of the Carryback Note and the number of payments that the  
22 Trustee has received prior to that date.

23 13. The sale of the Carryback Note is contingent upon the sale of the Lower Lake  
24 Property being consummated with the Buyer. If the property is sold at overbid for cash and no  
25 carryback financing is provided by the Trustee no sale will occur. If the Lower Lake Property is sold  
26 at overbid to a third-party who is not the Buyer but the over-bidder requires carryback financing, the  
27 Note Buyer will not be obligated to purchase a carryback note from any party other than the Buyer  
28 unless the creditworthiness of the over-bidder is satisfactory to the Note Buyer.

1                   14.     The Trustee also requests authority to pay directly from escrow at closing, the  
2 following:

3                               (a) Any unpaid secured real property taxes of Lake County and any unpaid  
4 liens or encumbrances of record to any other entities that are required to be paid at the close of sale  
5 which are then due and payable;

6                               (b) All reasonable and customary closing costs required to be paid pursuant to  
7 the agreement of sale with the Buyers;

8                               (c) A real estate commission to the Trustee's broker, Sharon Bassham of  
9 Greehouse Realty and the Buyer's Broker to be split in accordance with the terms of the listing  
10 agreement in the aggregate sum of ten percent (10%) of the contract sales price of the Lower Lake  
11 Property.

12                   15.     Upon the closing of the sale of the Lower Lake Property and/or of the  
13 Carryback Note, the Trustee intends to distribute to the co-owners their respective shares of the net  
14 sales proceeds pursuant to Bankruptcy Code §363 (j). The Court herein requests authority to make  
15 those distributions to the co-owners of the property either directly, or pursuant Bankruptcy Rule 7067  
16 to the Registry of the Court.

17                   16.     Concurrent with filing of this motion, the Trustee has served a Notice of  
18 Trustee's Intent to Sell the Estate's Interest in Real Property subject to Seller carryback financing, to  
19 discount the Seller's Carryback Note to distribute net proceeds of sale to the co-owners of the real  
20 property and Notice of Opportunity to Overbid on the sale of the real property to all creditors and  
21 other parties in interest in this case, as provided by Federal Rule of Bankruptcy Procedure 2002 and  
22 this Court's Local Rules.

23                   17.     If there is no objection to the sale by creditors and other parties in interest, the  
24 Trustee requests that the Court waive the fourteen (14) days stay of the Order approving the sale  
25 pursuant to Bankruptcy Rule 6004(h).

26                   WHEREFORE, the Trustee prays for an order:

27                               1. Authorizing the sale of the Lower Lake Property To the Buyer or to such other  
28 parties that are successful over-bidders for the Lower Lake Property that Trustee;

- 1 2. Authorizing the Trustee to discount the Carryback Note to the Note Buyer for cash  
2 as set forth in the motion;  
3 3. Authorizing the Trustee to pay from escrow:  
4 (a) Any unpaid unsecured real property taxes of the County of Lake now due and  
5 payable;  
6 (b) Any unpaid liens or encumbrances of record to any other entity that are  
7 required to be paid at the close of sale which are then due and payable;  
8 (c) All reasonable and customary closing costs required to be paid pursuant to the  
9 Agreement of Sale with the Buyer; and  
10 (d) A ten percent (10%) real estate commission which will be split between  
11 Greenhouse Realty and the successful Buyer's broker;  
12 4. Authorizing the Trustee to pay to Betty Bailey and Tracy Peterson their respective  
13 portion of the net proceeds received by the Trustee for the sale of the property and  
14 the Carryback Note;  
15 5. Authorizing the Trustee to deposit with the Registry of the Court the proceeds  
16 attributable to either Betty Bailey or Tracy Lynn Peterson to the extent that the  
17 Trustee is unable to locate those person.  
18  
19

20 Dated: March 28, 2014

Greene Radovsky Maloney Share & Hennigh LLP

21  
22 By: /s/ Edward J. Tredinnick  
23 Edward J. Tredinnick  
24 Attorneys for Jeffry G. Locke, the Trustee  
25  
26  
27  
28

**CERTIFICATE OF MAILING**

I am a citizen of the United States, am over the age of eighteen years and am not a party to the within action. I am employed in the City and County of San Francisco.

On March 28, 2014, following ordinary business practices, I served a copy of:

**MOTION FOR ORDER AUTHORIZING SALE OF REAL PROPERTY SUBJECT TO SELLER CARRY-BACK FINANCING, TO DISCOUNT SELLER CARRY-BACK NOTE, TO DISTRIBUTE NET PROCEEDS OF SALE TO THE CO-OWNERS OF THE REAL PROPERTY**

by placing it in a sealed envelope addressed as set forth below for processing and mailing at my offices, located at Four Embarcadero Center, Suite 4000, San Francisco, CA 94111, addressed as follows:

United States Trustee's Office  
235 Pine St., Ste. 700  
San Francisco, CA 94104

Mrs. Betty Lou Bailey  
P.O. Box 816  
Lower Lake, CA 95457

Steve Olson, Esq.  
100 E Street, Suite 104  
Santa Rosa, CA 95404

I am readily familiar with the business practice for collection and processing of correspondence for mailing with the United Postal Service. In the ordinary course of business, correspondence placed as I did this one is deposited with postage thereon fully prepaid for collection by the United States Postal Service on the date herein stated.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 28, 2014, at San Francisco, California.

/s/Violet Rajkumar  
Violet Rajkumar